

## Responsible Credit Marketing

1. Using gifts to entice students to sign up for credit cards.
  - a. The problems with free gifts enticing student to sign up for credit cards.
    - i. Chosen based on free gift, not financial terms of card.
      1. Pita
      2. T-shirt
      3. Blanket
    - ii. Causes students to get credit cards they do not need.
    - iii. Advertised as a free gift, and then told that they have to apply for a card.
  - b. The solutions to free gifts enticing students to sign up for credit cards.
    - i. Outlaw the practice of giving away free gifts to sign up for credit card.
    - ii. Students will pick card based on the cards offerings, not the gifts.
    - iii. Researching different credit cards will cause the student to be a better educated consumer.
2. Flooding student mail boxes with credit card solicitations.
  - a. The problems with marketing through the mail.
    - i. Students receive hundreds of credit card offers yearly in the mail.
    - ii. Students mailing information is readily available through the University which is required to provide to anyone who requests it.
    - iii. Students are unaware of process to have information restricted.
    - iv. Companies aggressively solicit students with confusing and misleading offers.
      1. Low APR
      2. Pre Approved
      3. High credit limits
  - b. The solutions for credit card marketing through the mail.
    - i. Change from an opt-out policy to an opt-in.
    - ii. Information will be restricted unless made available by students.
    - iii. Effectively end most unwanted soliciting through mail.
3. University of Iowa Alumni Association (UIAA)-Bank of America (BOA) Affinity credit card marketing on campus.
  - a. The problems with credit card marketing on campus.
    - i. UIAA credit card was the first and is the only credit card marketed on campus.
    - ii. Currently 208 students have an average balance of \$1,028.
    - iii. UIAA spent over \$290,000 advertising Affinity card versus \$20,000 donated to the University for the Student Credit & Money Management Services (SCMMS).
      1. Marketing opportunities to students stated in UIAA-BOA contract for Affinity card.
        - a. 6 direct mail campaigns to students at their campus mailing address.
        - b. 1 direct mail campaign to students at their home mailing address.
        - c. 2 telemarketing campaigns to students provided phone listing.
        - d. 7 days per each semester of promotional tabling in Iowa Memorial Union (IMU).

- e. Table at University's summer orientation programs.
  - f. 4 Student list-serv email.
  - g. Up to 6 tabling locations at Kinnick stadium during home football games and up to 2 tabling locations at Carver-Hawkeye during home basketball games.
  - h. Numerous advertisements during home sporting events.
- 2. Education opportunities to students provided by the SCMMS.
  - a. Ad in Event Tracker which is the planner sold to students at book stores.
  - b. Ad in University Directories Yellow pages.
  - c. 1 Student list-serv email.
  - d. Flyers posted on bulletin boards and ITC screen savers.
- b. The solutions to credit card marketing on campus.
  - i. Eliminate student focused credit card marketing.
  - ii. Continue to allow marketing at sporting events except in the student section at Kinnick.
  - iii. UIAA on its own has already begun to scaling down its Affinity credit card on campus.
    - 1. The number of new accounts opened over the last 5 years:
      - 2002 – 678
      - 2003 – 572
      - 2004 – 296
      - 2005 – 249
      - 2006 – 195
      - 2007 – 97
    - 2. Not fully utilizing all the IMU marketing tables
    - 3. Not as much direct mail.

#### Appropriate Financial Aid to Students

1. Thank the legislatures for all of their help to keep tuition low in the state of Iowa.
2. Severe lack of financial aid.
  - a. Costs to go to school at the University of Iowa.
    - i. Undergraduate tuition and fees for Iowa residents: \$6,293.
    - ii. Undergraduate tuition and fees for nonresidents: \$19,465.
    - iii. Room and board fees (average cost): \$7,250.
    - iv. The state of Iowa has one of the lowest costs of living in the country.
  - b. Debt upon graduation.
    - i. Average debt of University of Iowa graduates in 2006: \$20,234 according to The College Institute for Access and Success (TICAS).
    - ii. The state average is \$22,926 with 74% of student graduating with debt compared with 58% nationally (TICAS).
    - iii. Average credit debt according to InCharge Institute of America is \$2700.
  - c. Negative effects of high levels of debt.
    - i. Youth exodus.
      1. High levels of debt cause students to seek employment in more competitive wages.
      2. Availability of entertainment is a moot point when graduates can't afford their student loan payments.
      3. Taking a job for less pay to be closer to home is no longer an option.
      4. Graduates can no longer pick the job they want, but have to choose the job they need.
      5. Alumni associations struggle due to their being a significant less amount of local alumni compared to other schools.
    - ii. Reputation of state universities.
      1. Schools now associated with high costs of education and not high quality of education.
      2. Consistently ranked as having one of the highest debt levels for graduates.
      3. Unable to bring in more diversity due to low levels of financial aid available to students.
  - d. Decline of financial aid provided to students.
    - i. State appropriated financial aid.
      1. The state of Iowa awarded the lowest amount of appropriated financial aid to public students in the country according to the NASSGAP 2005-2006 Academic Year Financial Aid Report.
      2. Iowa awarded 6.3% of available funds.
      3. National average is 67.1%
    - ii. Iowa Work-Study Program.
      1. The University of Iowa received \$614,120 in fiscal year 2001
      2. It received \$0 in fiscal years 2002-2005.
      3. Just over \$13,000 in fiscal years 2006-2007.
      4. Is allocated \$29,412 for the fiscal year 2008.
      5. 1,629 students earned \$2.2 million in the past year.
      6. All that was not funded by the legislature was covered by tuition increases and other University funds.
    - iii. Federal Pell Grant numbers from the Department of Education.
      1. The maximum Pell Grant Award was frozen since 2003 at \$4,050.
      2. The maximum award for 2007-2008 is \$4,300 and \$4,600 next year.
        - a. The largest single year increase in the programs 30 year history.
      3. The maximum award will continue to increase to \$5,400 by 2012.
      4. The Pell Grant Award use to 60% of the cost of attendance nationally now only covers about 30%.
      5. As recent as 2000-2001 the Pell Grant Award could cover the full tuition of a Iowa resident, however now only covers 70%.
3. Private Loans

### Adequate Money Management Education

1. Require financial management classes at high school level.
  - a. Currently there are no required financial education classes in high school.
    - i. Physical health class is offered, but not fiscal health class.
    - ii. Economics does not address personal finances.
    - iii. Some schools currently offer money management classes, but the vast majority does not.
  - b. Students are graduating high school and don't know even the basics of responsible money management.
    - i. How to balance a checkbook.
    - ii. The difference between credit and debit.
    - iii. How the APR of a credit card affects how much you have to pay.
  - c. Students are faced with large financial questions after graduating high school.
    - i. Finding financial aid and forgivable loans.
    - ii. Government loans.
    - iii. Private loans.
    - iv. Budgeting for tuition and living expenses.
    - v. Not being educated on responsible money management leaves students and young adults vulnerable to be taken advantage of.
  - d. Most students get their first credit card after they get to college.
    - i. According to the American Council on Education 57% of first year undergrads don't have a credit card.
    - ii. 74% of fourth or fifth year undergraduate have at least one.
    - iii. 32% of students have 4 or more credit cards.
    - iv. 37% of those first year undergraduates carry a balance which averages \$790.
    - v. The average credit card debt for a student is \$2,700 according to Sallie Mae.
    - vi. About 10% owe more than \$7,000.
  - e. Proactive approach instead of reactive to money management issues.
    - i. Educate students before they do harm to themselves
    - ii. Dealing with finances is very confusing and needs to be simplified.
    - iii. Parents aren't at school with them to help them with money issues.
2. Make information more readily available on uiowa.edu website.
  - a. Current Student Credit & Money Management Services (SCMMS) website is 6 clicks from the front page of the University of Iowa's homepage.
    - i. Go to [www.uiowa.edu](http://www.uiowa.edu).
    - ii. Click A-Z Search tab.
    - iii. Then the letter "I" in the search box.
    - iv. Then scroll down and click "IMU".
    - v. Then "Students" tab.
    - vi. Then "Office of Student Life" at the right of the screen.
    - vii. Finally scroll down and click the "Credit and Money Management" picture to get to the front page of the SCMMS website.
  - b. Provide additional links throughout website.
    - i. Financial Aid homepage.

- ii. University Billing Office
  - iii. Financial Aid and Tuition website.
- c. Increased visibility.
  - i. The more opportunities available to get information, the more students will seek it.
  - ii. Pertinent financial websites need to be link together to help disseminate information.
  - iii. The vast majority of students are not aware the university provides any financial management information.
- 3. Improve Money Management services offered by University.
  - a. Problems with the Student Credit and Money Management Services.
    - i. Lack of funding.
      - 1. Only funding received by the program is the \$20,000 given yearly by the University of Iowa Alumni Association.
      - 2. The University of Iowa has not contributed any funding to the program.
      - 3. The University of Iowa Student Government has also not contributed any funding to this service.
    - ii. Lack of resources provided by SCMMS.
      - 1. Lack of a visible location has led to only 8 students to come in without an appointment.
      - 2. Hours of operation for SCMMS are Monday and Tuesday 1:00 to 3:30p.m. and Wednesday and Thursday 9:30 to 11:00a.m. for a total of 8 hours a week.
      - 3. Committee overseeing the service meets once a month for an hour.
      - 4. Chair of Committee is only able to put 1-2 hours a month of work due to obligations to their job responsibilities.
      - 5. Members of the committee are dedicated and do the best they can with what they have, however are unable provide services at a level the students need.
  - b. Similar services offered at university and at other schools.
    - i. Services offered by the Student Money Management Center at the University of North Texas
      - 1. Talk to trained professionals about your personal finances
      - 2. Learn how to establish and manage credit
      - 3. Create a financial survival plan for college
      - 4. Understand your credit report and credit score
      - 5. Plan for tuition and fee payments
      - 6. Research housing options
      - 7. Planning for expenses during or after college
      - 8. Compare future employer benefits packages
      - 9. Graduate with a plan for repaying your debt
    - ii. Iowa State University Financial Counseling Clinic
      - 1. Serves approximately 600 students per year.
      - 2. Service has a budget of nearly \$90,000.
      - 3. ISU student government contributes around \$31,000 to service.

4. Has full time staff and hours of operation are 8:00a.m.-5:00p.m. Monday-Friday for a total of 45 hours a week.
- iii. University of Iowa Student Legal Services
  1. Budgeted annually at around \$100,000.
  2. Helps nearly 1,300 students yearly.
  3. Is staffed by a full-time, licensed, practicing attorney, four legal interns, a full-time legal secretary, and an undergraduate student director.
- c. Solutions to provide better money management education at the University of Iowa.
  - i. Fully fund SCMMS to the extent of SMMC at ISU and Student Legal Services at the U of I.
    1. University of Iowa Student Government
    2. University of Iowa
    3. University of Iowa Alumni Association
  - ii. Hire a professional staff that can be available during regular business hours.
  - iii. Creatively and aggressively advertise to students.
    1. Speak about program to classes.
    2. Advertise at during Orientation programs.
    3. Advertise in the Daily Iowan.
    4. Facebook flyers.

Conversations with:

- McKinley Bailey, Iowa State Representative
- Gary Barta, Athletic Director
- Ben Bellus, Assistant Attorney General
- Joe Bolkcom, Iowa State Senator
- Bill Branch, Director of Department of Consumer Protection, AG's office
- Mark Braun, Legislative Liaison for the University of Iowa
- Jamie Cashman, Legislative Liaison for the House (Governor)
- Kathleen Cogan, Iowa PIRG Campus Organizer
- Emily Cornish, Director of Membership and Marketing Alumni Association
- Kristi Finger, Chair of Student Credit and Money Management Services
- Emily Hajek, Legislative Liaison for the Senate (Governor)
- Phillip Jones, Dean of Student Services/Vice President; Board of Directors Alumni Association
- Clark Kauffmann, Journalist Des Moines Register
- Rick Klatt, Athletic Department Associate Director of External Relations
- Chris Lindstrom, US PIRG Campus Projects Director
- Belinda Marner, Assistant Vice President for Student Services
- Mary Mascher, Iowa State Representative
- Ed Mierzwinski, US PIRG Consumer Program Director
- Marcus Mills, General Counsel for University of Iowa
- Pat Murphy, Speaker of the Iowa House of Representatives
- Bill Nelson, Director of Office of Student Life
- Vince Nelson, Alumni Association President
- Matt Reed, TICAS Policy Analyst
- Robert Shireman, TICAS Founder and President
- Various Students and Student Leaders

Sources:

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2. Various Press Releases from the Office of the Attorney General RE: Credit Card Solicitation and Debt
3. The Project on Student Debt
  - Quick Fact Sheet
  - Iowa Institution debt break-down 2005-06
  - Student Debt and the Class of 2005
  - Student Debt and the Class of 2006
4. Measuring Up 2006: The State Report Card on Higher Education
5. University of Northern Iowa Financial Aid Fact Sheet
6. Iowa – UIAA Agreement
7. University of Iowa Response to Board of Regents, State of Iowa Request of September 27, 2007, Regarding Relationship between University of Iowa and Alumni Association
8. Articles featured in the Des Moines Register RE: Credit Card Information and Debt
9. Alumni Association Website
10. Alumni Association Strategic Plan 2006-2009
11. Memorandum of Understanding
12. The University of Iowa Alumni Association Fiscal Report 06.30.2007
13. 269 pages of Email Correspondence